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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003633

SIPDIS

FOR NEA/I ECON ASSIST PASS TO TF-BSO

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TAGS: [EAID](#) [ECON](#) [ECPS](#) [KINT](#) [IZ](#) [PGOV](#) [PREL](#)

SUBJECT: COMMUNICATIONS MINISTER NOT KEEN ON INDEPENDENT
TELECOMS REGULATOR

REF: STATE 113842

Classified By: ECOUNS Michael Dodman for reasons 1.4 (b, c).

¶1. (C) Summary: Iraq Minister of Communications Farouk Abdel Qadir told ECOUNS on November 5 that "Iraqi people suffer from poor quality of service," so the Ministry of Communications (MoC) must provide not only infrastructure and clear laws, but also strict monitoring of service quality. Admitting Iraq's difficulty in making the transition from central planning to a liberal market system, Abdel Qadir at once contradicted himself, espousing strong central MoC control of the telecoms sector. The MoC is working closely with the Multi-National Force Communication and Information Systems Directorate (MNF-I CJ6) to develop a near-term strategy to build on Iraq's present infrastructure. Abdel Qadir cited the Egyptian telecommunications model as a suitable model for Iraq, with licensing and operations handled by one entity, "bringing balance to the system." Echoing the Minister's point, Deputy Minister Amer Bayati said the Communications Media Commission (CMC) should only control frequency assignments, allowing the MoC to control all other regulatory, monitoring, licensing, and infrastructure responsibilities. These statements do not bode well for Iraq's three telecommunications laws which are to be voted on soon in the Council of Representatives (CoR). Accordingly, we will encourage the GOI to allow the World Bank to review these laws as soon as possible. End summary.

¶2. (U) Participant list:

Iraq:

- Farouk Abdel Qadir Abdel Rahman (Tawafuq/IIP) -- Minister of Communications
- Amer Bayati -- Deputy Minister of Communications
- Kassim Hassani -- Director General for Internet Services

United States Embassy:

- Michael Dodman -- ECOUNS
- Roy Therrien -- ESTH Officer (notetaker)

¶3. (SBU) Iraq Minister of Communications Farouk Abdel Qadir told ECOUNS on November 5 that the ministry's main goal is to attract foreign investment and private companies to work with the ministry to improve Iraq's telecommunications service. "Iraqi people suffer from poor quality of service," said Abdel Rahman, so the ministry must provide not only infrastructure and clear laws, but also strict monitoring of service quality. Otherwise, "Iraqi companies will not operate like western companies." Abdel Qadir alternated his stance, at once espousing strong central MoC control of the telecoms sector while equally lamenting Iraq's difficulty in making the transition from central planning to a liberal market system. Agreeing with ECOUNS' views on the importance of market competition to drive improved service and the introduction of advanced technologies, Abdel Qadir concluded that that was why the ministry needed expert planning assistance to formulate the ministry's long-term

telecommunications strategy.

¶4. (SBU) Deputy Minister Bayati said the MoC has a "clear vision" for the country's telecommunications system: "Eventually, all services will be provided by the private sector," he said, with the MoC's role limited to ownership of the major infrastructure, licensing, and regulation. Noting the ministry is working closely with the Multi-National Force Communication and Information Systems Directorate (MNF-I CJ6) to develop a near-term strategy "to build on our present infrastructure," Abdel Qadir said what the ministry needs most is "expert consultancy" to help them build a long-term strategy. He claimed the Task Force for Business Stability Operations (TF-BSO) has offered this kind of planning assistance to the MoC. (Note: MNF-I CJ6 conducted their first joint planning session with the MoC on November 10, focused on outlining near-term infrastructure improvements to quickly build service capacity as well as the importance of including private sector competition for building and operating infrastructure. TF-BSO has provided two consultants and two engineers under contract supporting MoC strategic planning efforts. End note.)

¶5. (SBU) Claiming Coalition Provisional Authority (CPA) Rule 65, which established the Communications Media Commission (CMC), "was not done very well," and "weakened the MoC," Abdel Qadir cited the Egyptian telecommunications model as a more suitable model for Iraq. "The Egyptian MoC handles both licensing and operations, bringing balance to the system," he said. Unable to collect licensing fees, the Iraq MoC depends on the Ministry of Finance (MoF) for its budget. "Under the previous regime, we provided IQD 47 billion to the MoF," he

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said. "Now we need money from MoF just to pay our salaries." Overlooking ECOUNS' explanation of the importance of having balanced regulatory and operational functions to provide improved telecommunications service, Deputy Minister Amer Bayati said the CMC should only control frequency assignments, allowing the MoC to control all other regulatory, monitoring, licensing, and infrastructure responsibilities. "We are building not only physical infrastructure, but also legal infrastructure," he said. "We are giving more control to private companies day by day, but growth must be gradual."

¶6. (C) Comment: The irony of these statements by the MoC's most senior leadership does not bode well for Iraq's three telecommunications laws which are to be voted on soon in the Council of Representatives: the MoC Law, CMC Law, and the Chief Information Officer Council Law. Accordingly, we will encourage the GOI to accept the World Bank's offer (reftel) to review these laws before the CoR vote to ensure they include provisions for an independent regulator.
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